

QUARTERLY REPORT

TRADING NAME OF LICENSEE: Bally's Park Place, Inc. (Bally's Atlantic City)

For The Quarter Ended December 31, 2003

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

AS OF DECEMBER 31, 2003 AND 2002

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents.	\$ 50,338	\$ 39,181 *
2	Short-term investments.	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2003, \$ 4,438 ; 2002, \$ 7,729). NOTE 2	59,296	29,295 *
4	Inventories.	3,247	3,495 *
5	Prepaid expenses and other current assets.	4,624	4,306 *
6	Total current assets.	117,505	76,277
7	Investments, Advances, and Receivables. NOTES 1 and 3	138,254	126,211 *
8	Property and Equipment - Gross. NOTES 1 and 4	1,265,844	1,235,021 *
9	Less: Accumulated Depreciation/Amortization. NOTES 1 and 4	(603,463)	(566,491) *
10	Property and Equipment - Net.	662,381	668,530
11	Other Assets. NOTE 5	17,803	17,834 *
12	Total Assets.	\$ 935,943	\$ 888,852
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable.	\$ 5,145	\$ 10,628 *
14	Notes payable.	-	-
	Current portion of long-term debt.		
15	Due to affiliates.	-	-
16	Other.	63	59
17	Income taxes payable and accrued.	-	-
18	Other accrued expenses. NOTE 6	46,561	43,676 *
19	Other current liabilities. NOTE 7	14,070	7,015 *
20	Total current liabilities.	65,839	61,378
	Long-Term Debt:		
21	Due to affiliates. NOTE 8	583,500	583,500 *
22	Other. NOTE 8	1,490	1,627
23	Deferred Credits.	-	-
24	Other Liabilities. NOTE 9	1,863	2,467 *
25	Commitments And Contingencies. NOTE 1	-	-
26	Total Liabilities.	652,692	648,972
27	Stockholders', Partners', Or Proprietor's Equity.	283,251	239,880
28	Total Liabilities And Equity.	\$ 935,943	\$ 888,852

*Restated to include Claridge 2002 numbers, see accompanying notes.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	2003 (c)	2002 (d)
	REVENUE:		
1	Casino	\$ 152,021	\$ 155,092
2	Rooms	11,733	11,873
3	Food and Beverage	21,668	22,420
4	Other	4,286	3,664
5	Total Revenue	189,708	193,049
6	Less: Promotional allowances	39,217	37,552
7	Net Revenue	150,491	155,497
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	99,861	98,445
9	Selling, General, and Administrative	21,503	21,793
10	Provision for Doubtful Accounts	269	269
11	Total costs and expenses	121,633	120,507
12	Gross Operating Profit	28,858	34,990
13	Depreciation and amortization NOTE 1....	11,119	10,307
	Charges from affiliates other than interest:		
14	Management fees NOTE 10....	5,039	5,160
15	Other	---	---
16	Income (Loss) from Operations	12,700	19,523
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 8.	(12,334)	(12,354)
18	Interest (expense) - external	(63)	(216)
19	Investment alternative tax and related income (expense) - net	(1,189)	(836)
20	Non-operating income (expense) - net NOTE 11....	(305)	1,468
21	Total other income (expenses)	(13,891)	(11,938)
22	Income (Loss) Before Income Taxes and Extraordinary Items	(1,191)	7,585
23	Provision (credit) for income taxes NOTE 1.	625	2,709
24	Income (Loss) Before Extraordinary Items	(1,816)	4,876
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ (1,816)	\$ 4,876

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	2003 (C)	2002 (D)
	REVENUE:		
1	Casino	\$ 669,676	\$ 677,938
2	Rooms	49,838	51,728
3	Food and Beverage	94,636	93,683
4	Other	16,846	14,588
5	Total Revenue	830,996	837,937
6	Less: Promotional allowances	164,149	157,877
7	Net Revenue	666,847	680,060
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	405,695	403,706
9	Selling, General, and Administrative	81,583	82,222
10	Provision for Doubtful Accounts	582	2,075
11	Total costs and expenses	487,860	488,003
12	Gross Operating Profit	178,987	192,057
13	Depreciation and amortization NOTE 1....	42,620	39,276
	Charges from affiliates other than interest:		
14	Management fees NOTE 10....	22,116	22,423
15	Other	---	---
16	Income (Loss) from Operations	114,251	130,358
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 8....	(49,155)	(49,190)
18	Interest (expense) - external	(256)	(415)
19	Investment alternative tax and related income (expense) - net	(4,928)	(6,515)
20	Non-operating income (expense) - net NOTE 11....	10,173	9,592
21	Total other income (expenses)	(44,166)	(46,528)
22	Income (Loss) Before Income Taxes and Extraordinary Items	70,085	83,830
23	Provision (credit) for income taxes NOTE 1....	26,714	31,094
24	Income (Loss) Before Extraordinary Items	43,371	52,736
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ 43,371	\$ 52,736

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2003

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid - In Capital (g)	----- ----- ----- (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2001	100	\$ 1			\$ 128,260		\$ 136,883	\$ 265,144
2	Net Income - 2002							52,736	52,736
3	Contribution to Paid - In Capital								
4	Dividends							(78,000)	(78,000)
5	Prior Period Adjustments								
6	Distribution to PPE								
7									
8									
9									
10	Balance, December 31, 2002	100	\$ 1			128,260		111,619	239,880
11	Net Income - 2003							43,371	43,371
12	Contribution to Paid - In Capital								
13	Dividends								
14	Prior Period Adjustments								
15									
16									
17									
18									
19	Balance, December 31, 2003	100	\$ 1			\$ 128,260		\$ 154,990	\$ 283,251

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

Page 1 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	2003 (c)	2002 (d)
1	Net Cash Provided (Used) By Operating Activities	\$ 85,817	\$ 96,261
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	---	---
3	Proceeds from the sale of short-term investment securities	---	---
4	Purchase outflows for property and equipment	(36,876)	(73,110) *
5	Proceeds from disposition of property and equipment	741	586 *
6	Purchase of casino reinvestment obligations	(8,846)	(8,762) *
7	Purchase of other investments and loans/advances made	(16)	---
8	Proceeds from disposal of investments and collection of advances and long-term receivables	799	2,298 *
9	Cash outflows to acquire business entities	(755)	---
10	---	---
11	Net book values of disposals	---	---
12	Net Cash Provided (Used) By Investing Activities	(44,953)	(78,988)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	---	---
14	Payments to settle short-term debt	---	---
15	Cash proceeds from issuance of long-term debt	---	---
16	Costs of issuing debt	---	---
17	Payments to settle long-term debt	(133)	(197)
18	Cash proceeds from issuing stock or capital contributions	---	---
19	Purchases of treasury stock	---	---
20	Payments of dividends or capital withdrawals	---	(78,000)
21	Change in payable to/receivable from affiliate	(29,574)	59,612 *
22	---	---
23	Net Cash Provided (Used) By Financing Activities	(29,707)	(18,585) *
24	Net Increase (Decrease) In Cash And Cash Equivalents	11,157	(1,312) *
25	Cash And Cash Equivalents At Beginning Of Period	39,181	40,493 *
26	Cash And Cash Equivalents At End Of Period	\$ 50,338	\$ 39,181 *

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	\$ 49,411	\$ 49,605 *
28	Income taxes	\$ 26,714	31,094 *

*Restated to include Claridge 2002 numbers, see accompanying notes.

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

Page 2 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	2003 (c)	2002 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ 43,371	\$ 52,736
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	42,620	39,276 *
31	Amortization of other assets	---	---
32	Amortization of Debt Discount or Premium	---	---
33	Deferred Income taxes - current	---	---
34	Deferred income taxes - noncurrent	---	---
35	(Gain) loss on disposition of property and equipment	(336)	(143) *
36	(Gain) loss on casino reinvestment obligations	4,928	6,515 *
37	(Gain) loss from other investment activities	(8,153)	(7,735) *
38	Net (increase) decrease in receivables and patrons' checks	(427)	(1,098) *
39	Net (increase) decrease in inventories	248	1,072 *
40	Net (increase) decrease in other current assets	(318)	(721) *
41	Net (increase) decrease in other assets	31	2 *
42	Net increase (decrease) in accounts payables	(5,483)	1,496 *
43	Net increase (decrease) in other current liabilities excluding debt	9,940	4,892 *
44	Net increase in other noncurrent liabilities excluding debt	(604)	(31) *
45	Loss on extinguishment of debt, net of income tax benefit	---	---
46	Amortization of CRDA assets	---	---
47	Net Cash Provided (Used) By Operating Activities	\$ 85,817	\$ 96,261 *

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	\$ 36,876	\$ 73,110 *
49	Less: Capital lease obligations incurred	---	---
50	Cash Outflows For Property And Equipment	\$ 36,876	\$ 73,110
	Acquisition Of Business Entities:		
51	Property and equipment acquired	\$ 755	\$ ---
52	Goodwill acquired	---	---
53	Net assets acquired other than cash, goodwill, and property and equipment	---	---
54	Long-term debt assumed	---	---
55	Issuance of stock or capital invested	---	---
56	Cash Outflows To Acquire Business Entities	\$ 755	\$ ---
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	\$ ---	\$ ---
58	Less: Issuances to settle long-term debt	---	---
59	Consideration in acquisition of business entities	---	---
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$ ---	\$ ---

*Restated to include Claridge 2002 numbers, see accompanying notes.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	765,164	\$ 30,361		\$
2	Food	3,099,304	39,554		
3	Beverage	10,553,519	21,107		
4	Travel			66,458	4,637
5	Bus Program Cash	1,334,677	19,336		
6	Other Cash Complimentaries	3,138,741	50,073		
7	Entertainment	123,127	616	13,521	1,690
8	Retail & Non-Cash Gifts	36,630	2,864	379,585	13,156
9	Parking				
10	Other *	7,938	238	382,137	3,429
11	Total	19,059,100	\$ 164,149	841,701	\$ 22,912

FOR THE THREE MONTHS ENDED DECEMBER 31, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	188,724	\$ 7,153		\$
2	Food	728,777	9,367		
3	Beverage	2,264,539	4,529		
4	Travel			17,884	1,216
5	Bus Program Cash	280,484	3,874		
6	Other Cash Complimentaries	786,367	12,942		
7	Entertainment	38,127	191	5,571	696
8	Retail & Non-Cash Gifts	13,474	1,107	50,455	3,659
9	Parking				
10	Other *	1,809	54	110,722	927
11	Total	4,302,301	\$ 39,217	184,632	\$ 6,498

* No item in this category exceeds 5%.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

The accompanying financial statements include the accounts of Bally's Park Place, Inc., a New Jersey corporation (the "Company"), a wholly owned subsidiary of Caesars Entertainment, Inc. ("CEI"). In early January 2004, CEI changed its name from Park Place Entertainment to Caesars Entertainment. The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as "Bally's Atlantic City." On June 1, 2001, a subsidiary of the Company, Bally's Skyscraper, Inc ("BSI") purchased the assets and assumed certain liabilities of the Claridge at Park Place, Inc. ("CPPI") and Atlantic City Boardwalk Associates ("ACBA"), and commenced operation of the "Claridge Casino at Bally's." On September 23, 2002, the Company and BSI petitioned the Commission to allow a merger combining BSI with and into the Company. A hearing on the matter was held on December 11, 2002, and the petition was approved by the Commission. BSI was merged with and into the Company effective December 30, 2002. The financial statements for the prior year have been restated to give effect to the merger. BSI was previously accounted for as an investment in subsidiaries using the equity method.

The effect of the combination for the twelve months ended December 31, 2002 of the Company and BSI are detailed in the following reconciliation:

Net Revenue reported December 31, 2002 – Bally's	\$532,656
Net Revenue reported December 31, 2002 – BSI	<u>147,404</u>
Net Revenue restated	<u>\$680,060</u>
Income from Operations reported December 31, 2002 – Bally's	\$122,951
Income from Operations reported December 31, 2002 – BSI	<u>7,407</u>
Income from Operations restated	<u>\$130,358</u>
Net Income reported December 31, 2002 – Bally's	\$ 52,736
Net Income reported December 31, 2002 – BSI	1,338
Elimination of Net Income of Unconsolidated Subsidiary	<u>(1,338)</u>
Net Income restated	<u>\$ 52,736</u>
Total Assets reported December 31, 2002 – Bally's	\$819,600
Total Assets reported December 31, 2002 – BSI	122,780
Elimination of Investment in BSI	<u>(34,973)</u>
Elimination of Intercompany Accounts	<u>(18,555)</u>
Total Assets restated	<u>\$888,852</u>
Total Liabilities reported December 31, 2002 – Bally's	\$579,720
Total Liabilities reported December 31, 2002 – BSI	87,807
Elimination of Intercompany Accounts	<u>(18,555)</u>
Total Liabilities restated	<u>\$648,972</u>

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Total Equity reported December 31, 2002 – Bally's	\$239,880
Total Equity reported December 31, 2002 – BSI	34,973
Elimination of Investment in BSI	<u>(34,973)</u>
Total Equity restated	<u>\$239,880</u>

The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

All adjustments to the financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheets of the Company at December 31, 2003 and 2002, and its statements of income for the three and twelve months ended December 31, 2003 and 2002 and its statements of cash flows for the twelve months ended December 31, 2003 and 2002. All such adjustments were of a normal recurring nature.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2003. The change in classifications had no effect on previously reported net income.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

In the first quarter of 2001, the Emerging Issues Task Forces ("EITF") reached a consensus on certain issues in EITF 00-22 "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

EITF 00-14 "Accounting for Certain Sales Incentives," which is effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$11,119 and \$10,307 for the three months ended December 31, 2003 and 2002, respectively, and \$42,620 and \$39,276 for the twelve months ended December 31, 2003 and 2002, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Long-lived assets

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The Company was required to adopt SFAS 142 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment of Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Connection Card Program

During the 2nd quarter of 2003, the Company, along with its CEI Atlantic City affiliates, implemented the Connection Card Program. The Connection Card Program allows players to earn credits that may be accumulated over time and redeemed at their discretion in accordance with the rules of the program at any CEI casino in the United States. The Company records an estimated liability for the incremental cost of providing goods and services under the program at the time the credits are earned.

Fair value of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt approximate their recorded book values at December 31, 2003 and 2002.

Investments in subsidiaries

The Company has an investment in GNOC, Corp. (which owns and operates the casino hotel resort in Atlantic City known as the "Atlantic City Hilton"). The Company also has investments in two other subsidiaries, Atlantic City Country Club, Inc. and Bally's Land Ventures, Inc. The investments in all subsidiaries are reflected in the accompanying financial statements using the equity method.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to CEI on a daily basis. CEI provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other CEI affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing and certain other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

Accounting Pronouncements

In November 2002, the FASB issued Interpretation No ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply to guarantees issued or modified after December 31, 2002. Implementation of this Interpretation did not have a material impact on the Company's financial statements.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

On January 17, 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 addresses consolidation of entities that are not controllable through voting interest or in which the equity investors do not bear the residual economic risks and rewards. These entities have commonly been referred to as special purpose entities. The Interpretation provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. It also provides guidance related to the interest in newly consolidated variable interest entities and requires disclosures for both the primary beneficiary of a variable interest entity and other beneficiaries of the entity. Implementation of this Interpretation did not have a material impact on the Company's financial statements.

Income taxes

Taxable income or loss of the Company is included in the consolidated Federal income tax return of CEI. The Company provides for income taxes by applying the respective state and federal statutory rates to pre-tax financial statement income. The corresponding liability or receivable is credited or charged to its corporate parent. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by CEI in accordance with the tax sharing agreement between CEI and the Company.

Recent tax legislation

The New Jersey State Legislature passed a bill to increase taxes on the New Jersey casino industry, beginning in the State's fiscal year 2004 (starting July 1, 2003). Included in this legislation is a tax on net profits, taxes on certain complimentaries, and increases in parking, rooms and other fees. Profits tax expense is reflected in the provision for income taxes. Other taxes are reflected in selling, general and administrative expenses.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority (the "CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31 consist of the following:

	<u>2003</u>	<u>2002</u>
Casino receivables (net of allowance for doubtful accounts – \$4,297 in 2003 and \$7,576 in 2002)	\$ 6,547	\$ 7,197
Other (net of allowance for doubtful accounts – \$141 in 2003 and \$153 in 2002)	4,117	4,051
Due from CEI	41,279	11,705
Due from Caesars Atlantic City	4,262	3,990
Due from affiliates	<u>3,091</u>	<u>2,352</u>
	<u>\$ 59,296</u>	<u>\$ 29,295</u>

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of December 31 consist of the following:

	<u>2003</u>	<u>2002</u>
Investment in wholly owned subsidiaries (see Note 1):		
Atlantic City Country Club, Inc.	\$ 14,798	\$ 15,733
Bally's Land Ventures Realty, Inc.	15,097	14,342
GNOC, Corp.	<u>70,204</u>	<u>61,116</u>
Total investment in subsidiaries	100,099	91,191
Casino Reinvestment Development Authority		
Investment obligations (less valuation reserves of \$17,723 in 2003 and \$16,180 in 2002)	36,653	33,041
Jacobs Family Terrace mortgage receivable (less reserve of \$250 in 2003 and 2002)	1,225	1,336
Long-term deposits	73	57
Long-term receivable from GNOC, Corp.	<u>204</u>	<u>586</u>
	<u>\$ 138,254</u>	<u>\$ 126,211</u>

The Company, GNOC, Corp. and the CRDA entered into a credit exchange agreement and an investment agreement in 1998. The credit exchange agreement permits the exchange of certain current and future CRDA obligations between the Company and GNOC, Corp. resulting in the long-term receivable from GNOC, Corp. The investment agreement provides an investment plan for use of certain current and future CRDA funds.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2003</u>	<u>2002</u>
Land	\$ 112,378	\$ 112,379
Buildings and improvements	856,292	844,263
Furniture, fixtures and equipment	295,860	272,318
Construction in progress	<u>1,314</u>	<u>6,061</u>
	1,265,844	1,235,021
Less accumulated depreciation and amortization	<u>(603,463)</u>	<u>(566,491)</u>
	<u>\$ 662,381</u>	<u>\$ 668,530</u>

NOTE 5 - OTHER ASSETS

Other assets as of December 31 consist of the following:

	<u>2003</u>	<u>2002</u>
Cost in excess of acquired assets, less accumulated amortization of \$260	\$ 17,581	\$ 17,581
Other	<u>222</u>	<u>253</u>
	<u>\$ 17,803</u>	<u>\$ 17,834</u>

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consist of the following:

	<u>2003</u>	<u>2002</u>
Accrued payroll and benefits	\$ 30,528	\$ 25,767
Insurance claims	6,527	7,622
Other	<u>9,506</u>	<u>10,287</u>
	<u>\$ 46,561</u>	<u>\$ 43,676</u>

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of December 31 consist of the following:

	<u>2003</u>	<u>2002</u>
Chip and token liability	\$ 3,254	\$ 3,445
Comp bank liability	4,368	-
Due to affiliates	4,081	690
Other	<u>2,367</u>	<u>2,880</u>
	<u>\$ 14,070</u>	<u>\$ 7,015</u>

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 8 - LONG-TERM DEBT-DUE TO AFFILIATES AND OTHER

Long-term debt-due to affiliates and other as of December 31 consist of the following:

	<u>2003</u>	<u>2002</u>
Long-term debt due to affiliates:		
8.5% Note payable to Caesars Entertainment Finance Corporation ("CEFC") due May 31, 2011	\$ 33,500	\$ 33,500
8.5% Note payable to CEFC due May 31, 2011	50,000	50,000
8.5% Note payable to CEFC due January 1, 2009	<u>500,000</u>	<u>500,000</u>
	<u>\$583,500</u>	<u>\$ 583,500</u>
Long-term debt-other:		
Other secured and unsecured debt	<u>\$ 1,490</u>	<u>\$ 1,627</u>

In January 1999, the Company executed a \$500,000 note payable to CEI with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. On July 1, 2000, CEI assigned the \$500,000 note to Park Place Finance Corporation. On March 9, 2004, Park Place Finance Corporation changed its name to Caesars Entertainment Finance Corporation. On June 1, 2001 the Company executed two notes payable in the amounts of \$33,500 and a \$50,000 to CEFC each with interest at a rate of 8.5% per annum, payable on the last business day of each quarter, the proceeds of which were used in the purchase of assets and assumption of certain liabilities of CPPI and ACBA.

NOTE 9 - OTHER LIABILITIES

Other liabilities as of December 31 consist of the following:

	<u>2003</u>	<u>2002</u>
Retirement and other employee benefit plans	\$ 1,245	\$ 1,390
Other	<u>618</u>	<u>1,077</u>
	<u>\$ 1,863</u>	<u>\$ 2,467</u>

NOTE 10 - CHARGES FROM AFFILIATES-MANAGEMENT FEE

The Company and CEI have entered into an administrative services and management agreement. Under the agreement, CEI provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration for these services, the Company pays CEI a monthly management fee equal to three percent of revenues, as defined.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 11 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended December 31 consist of the following:

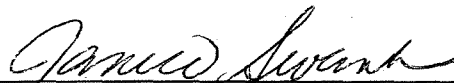
	<u>2003</u>	<u>2002</u>
Interest income	\$ 191	\$ 234
Gain (loss) on sale of assets	267	35
Equity in income of unconsolidated subsidiaries	(988)	971
Other	<u>225</u>	<u>228</u>
	<u>\$ (305)</u>	<u>\$ 1,468</u>

Nonoperating income (expense) for the twelve months ended December 31 consist of the following:

	<u>2003</u>	<u>2002</u>
Interest income	\$ 782	\$ 804
Gain on sale of assets	336	143
Equity in income of unconsolidated subsidiaries	8,153	7,735
Other	<u>902</u>	<u>910</u>
	<u>\$ 10,173</u>	<u>\$ 9,592</u>

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.


Signature

Controller
Title

#7091-11
License Number

On Behalf Of:
Bally's Park Place, Inc. NJ
Casino Licensee

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

TRADING NAME OF LICENSEE: Bally's Park Place, Inc. (Bally's Atlantic City)

For The Year Ended December 31, 2003

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO RESORT
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003
 (UNAUDITED)
 (\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES


LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 5,604		
2	Returned patrons' checks	5,240		
3	Total patrons' checks	10,844	\$ (4,297)	\$ 6,547
4	Hotel Receivables	2,324	(141)	2,183
	Other Receivables:			
5	Receivables due from officers and employees	---		
6	Receivables due from affiliates	48,632		
7	Other accounts and notes receivables	1,934		
8	Total other receivables	50,566	---	50,566
9	Totals (Form CCC 205)	\$ 63,734	\$ (4,438)	\$ 59,296

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 5,465
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	183,252
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(142,924)
13	Checks collected through deposits	(35,286)
14	Checks transferred to returned checks	(5,386)
15	Other adjustments	483
16	Ending Balance	\$ 5,604
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 582
19	Provision As A Percent Of Counter Checks Issued	0.32%

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 31, 2004
 Date


 Signature
 Controller
 Title of Officer

ANNUAL EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE: Bally's Park Place, Inc. (Bally's Atlantic City)

For The Year Ended December 31, 2003

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	26			
2	Gaming	1,581			
3	Slots	379			
4	Casino accounting	707			
5	Simulcasting	6			
6	Other				
7	Total-casino	2,699	\$ 69,232	\$ 790	\$ 70,022
8	ROOMS	552	13,076		13,076
9	FOOD AND BEVERAGE	1,649	35,456	152	35,608
	OTHER OPERATED DEPARTMENTS				
10	Spa	48	769		769
11	Hat check and pool	15	170		170
12	Telephone room	36	841		841
13	Retail stores	55	996		996
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	16	308	2,291	2,599
21	Accounting and auditing	166	5,022		5,022
22	Security	619	13,852		13,852
23	Other administrative and general departments	303	6,890	755	7,645
24	MARKETING	277	8,678	1,098	9,776
25	GUEST ENTERTAINMENT	33	1,660		1,660
26	PROPERTY OPERATION AND MAINTENANCE	698	19,619	235	19,854
27	TOTALS - ALL DEPARTMENTS	7,166	\$ 176,569	\$ 5,321	181,890

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2003

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.


Signature

March 31, 2004
Date

Controller
Title

TRADING NAME OF LICENSEE Bally's Atlantic City

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2003

(\$ in Thousands)

Line

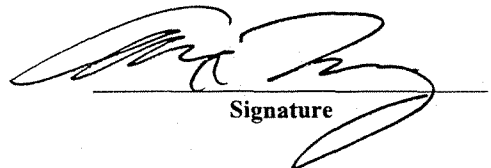
CASINO WIN:

1.	Table and Other Games Win.....	\$	181,999
2.	Slot Machines Win.....		496,199
3.	Total Win.....		678,198
Less - Adjustment for Uncollectible Patrons' Checks:			
4.	Provision for Uncollectible Patrons' Checks	\$	912
5.	Maximum Adjustment (4% of line 3)	\$	27,128
6.	Adjustment (the lesser of line 4 or line 5)	\$	912
7.	Gross Revenue (line 3 less line 6).....	\$	677,286
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....		54,183
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years		-
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....		54,183
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue.....		54,183
Settlement of Prior Years' Tax on Gross Revenue			
12.	Resulting from Audit or Other Adjustments - (Deposits) Credits		-
13.	Gross Revenue Taxes Payable (the net of lines 10, 11 and 12)	\$	(0)

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 15, 2004

Date



Signature

Vice President / CFO
Title of Officer